

# PROSPECTUS

OF

# MOUNT COSTIGAN MINES LIMITED

OCTOBER 11, 1963



MOUNT COSTIGAN MINES LIMITED

PROSPECTUS

DATED OCTOBER 11th, 1963

1. The full name of the Company is MOUNT COSTIGAN MINES LIMITED (hereinafter referred to as "the Company") and the Head Office is located at 30 Driveway, Ottawa, Ontario.

2. The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated the 10th day of April, 1962.

3. (a) The names in full, present occupations and home addresses of the officers and directors are as follows:

President and Director - William Lee Young,  
290 Buchan Road, Ottawa, Ontario, Consulting Geologist.

Vice-President and Director - John Evans Riddell,  
St. Andrews, New Brunswick, Consulting Geologist.

Secretary-Treasurer and Director - Donald Graham Munro,  
37 Lambton Avenue, Ottawa, Ontario, Corporate Secretary.

Director - Nickolas Axiotis, 1049 Kenmore Avenue, Warren,  
Ohio, Contractor.

Director - Alexander Montminy, 29 Waldo Street, New Bedford,  
Massachusetts, Executive.

(b) Three of the directors of the Company, namely William Lee Young, John Evans Riddell and Nickolas Axiotis, presently own sufficient shares to control the Company and might be considered as the promoters of the Company.

4. Messrs. Arthur A. Crawley & Company, Chartered Accountants, 132 Lyon Street, Ottawa, are the auditors of the Company.

5. Guaranty Trust Company of Canada, 366 Bay Street, Toronto, and Saint John, New Brunswick, is the registrar and transfer agent for the Company.

6. The authorized capital of the Company is 200,000 five per cent non-cumulative, redeemable preference shares of the par value of \$1.00 each, and 5,000,000 common shares without par value, of which 128,879 preference shares and 975,005 common shares are issued and outstanding as fully paid and non-assessable.

7. There are no bonds or debentures outstanding or proposed to be issued.

8. 810,000 common shares are held in escrow by the Guranty Trust Company of Canada, 366 Bay Street, Toronto, subject to release only on the written consent of the board of directors of the Company and of the Ontario Securities

Commission and Quebec Securities Commission and subject to transfer, hypothecation or other alienation within the escrow only on the written consent of the said Securities Commissions.

9. The following shares have been sold for cash to date:

Preference:	128,879 shares at \$1.00 per share for	\$128,879.00
Common:	5 shares at \$1.00 per share for	5.00
	25,000 shares at \$.20 per share for	<u>5,000.00</u>
		Total \$133,884.00

Commissions totalling \$2,121.98 were paid on the sale of the said preference shares, but the commissions were paid by the subscribers and not by the Company, as the Company received the full price of \$1. per share. No commissions were paid on the sale of common shares. In addition to the above shares sold for cash the Company has issued 50,000 common shares to Geo-Met Reactors Limited for research work under the terms of an agreement dated September 25, 1963, which is more particularly described in Paragraph 21A of this prospectus.

10. There have been no securities sold other than the shares referred to above.

11. No shares have been issued or are to be issued, and no cash has been paid or is to be paid to any promoter as such, but reference is made to the acquisition of the properties referred to in paragraph 12(a) hereof.

12. (a) Costigan Mountain: The Company holds 11 unpatented mining claims of 40 acres each in the Province of New Brunswick, officially designated as claims 148,372, 148,374, 148,375, 148,377 and 148,378 on Miners Licence 9878, claims 148,364 to 148,368 inclusive and 148,370 on Miners Licence 9917. The said claims, together with 37 other contiguous claims which have since been permitted to lapse, were acquired under an agreement dated April 16th, 1962, from Nickolas Axiotis, 1049 Kenmore Avenue, Warren, Ohio, John Evans Riddell, St. Andrews, New Brunswick, and William Lee Young, 290 Buchan Road, Ottawa, Ontario, for 900,000 common shares in the capital stock of the Company, of which 810,000 shares were placed in escrow under the conditions described in paragraph 8 hereof. No person other than the vendor has received, or is entitled to receive, a greater than 5% interest in the said vendor consideration, but reference is made to the bonus agreement referred to in paragraph 21 hereof.

(b) Mount Bischoff: By an agreement dated the 30th day of April, 1962, the Company acquired from Patrick Arthur Hill, 13 Morris Street, Ottawa, Ontario, for the nominal consideration of \$10.00, an option to acquire the mining property known as "The Bischoff Mine" in the Province of Tasmania, Australia. The option shall continue in force until October 30th, 1963. The Company was obliged to expend a minimum of \$30,000 in exploration of the property within the first year of the option period, (which obligation has been fulfilled) and must, on or before October 30th., 1963, cause the incorporation of a mining company

(which has now been incorporated under the name "Mount Bischoff Tin Mines Limited") for the purpose of acquiring and developing "The Bischoff Mine", and undertake to deliver to the optioner one-third of the vendor shares issued by such new Company for "The Bischoff Mine".

The said property is held under Prospecting Licence from the Department of Mines for the State of Tasmania. Prospecting Licences are issued for a period of six months and are renewed for six month terms provided the holder is expending funds in exploration or development of the property, or shows serious intent to make such expenditures. As of the date of this prospectus, the said Prospecting Licence is in good standing, and the current programme of exploration and development will be sufficient to obtain extensions of the Prospecting Licence from time to time, until the Company is in a position to commence mining operations, at which time the Prospecting Licence will be converted to a Fully Consolidated Mining Licence. Patrick Arthur Hill, the vendor, and Michael Solomon, 25 Malunna Road South, Lindis Farms, Hobart, Tasmania, are the only persons who have received or will be entitled to receive, a greater than 5% interest in the consideration paid and payable on the exercise of the option.

By an agreement dated the 25th day of May, 1962, the Company acquired from Nickolas Axiotis, 1049 Kenmore Avenue, Warren, Ohio, John Evans Riddell, St. Andrews, New Brunswick, William Lee Young, 290 Buchan Road, Ottawa, Ont., for the nominal consideration of \$1.00, certain regional data relating to the Provinces of New Brunswick and Nova Scotia, including all information obtained by the said three persons in the course of their studies of the Province of New Brunswick by geochemical and other means, including samples and analyses from a favourable structural belt extending from the United States border near Calais, Maine to the northern tip of Cape Breton Island, the results of reconnaissance work covering these areas in the belt, in which important tin mineralization can be expected, and field maps associated therewith. Based on the Company's further work on such regional data, the Company has acquired two further groups of claims as follows:

- (c) Gabarouse Bay: The Company has acquired by direct application to the Province of Nova Scotia, 64 unpatented mining claims in the County of Cape Breton, Nova Scotia, officially designated as Mining Tracts 5, 6, 19 and 20. The said claims were located by Company employees in the course of exploration work and the cost of acquisition was \$40.00.
- (d) East Claim Group: The Company has acquired by staking thirty unpatented mining claims in Charlotte County, New Brunswick, officially designated as:

Mining Licence 10,318 claims 149,531 to 149,540 inclusive  
Mining Licence 10,319 claims 149,541 to 149,550 inclusive  
Mining Licence 10,317 claims 149,551 to 149,560 inclusive.

The said claims were staked by Company employees in the course of exploration work, and the cost of staking, was \$720.00.

Properties no longer held:

By an agreement dated May 25, 1962, the Company acquired from Nickolas Axiotis, 1049 Kenmore Avenue, Warren, Ohio, John Evans Riddell, St. Andrews, New Brunswick, and William Lee Young, 290 Buchan Road, Ottawa, Ontario, for the nominal consideration of \$1.00, the rights and benefits under an option agreement dated October 10, 1961, between J.J. Dolan, of Saint John, New Brunswick, as optioner, and the said three persons, as optionees. The option agreement covering four groups of claims in New Brunswick known as the Gooseberry Cove, Scott Dam, Loch Alva and Welsford groups. The Company has not exercised the option with respect to any of the said groups of property and the option agreement has terminated. The Company has expended the following sums in exploration of the said properties:

Gooseberry Cove	\$5,412.00
Scott Dam	\$12,498.95
Loch Alva	\$1,260.00
Welsford Group	\$6,740.00

13. The Costigan Mountain and East Claim groups are located in New Brunswick and are accessible by road. The Gabarouse Bay property is located on Cape Breton Island and is accessible by highway from Louisburg. The Mount Bischoff property is located in Tasmania, is accessible by road and was formerly in production. For further particulars, relating to the said properties, reference is made to the individual engineers' reports on each of the said properties which accompany and form part of this prospectus, as follows:

Costigan Mountain	- Report of T.R. Clarke, B.Eng., P.Eng., dated September 17th, 1963.
East Claim group	- Report of T.R. Clarke, B.Eng., P.Eng., dated July 22nd, 1963.
Gabarouse Bay	- Report of T.R. Clarke, B.Eng., P.Eng., dated April 30th, 1963 with certificate dated August 31st, 1963.
Mount Bischoff	- Report of T.R. Clarke, B.Eng., P.Eng., dated July 23rd, 1963.

In addition to the equipment referred to in the Engineer's reports, the Company owns geophysical equipment which is not permanently located at any particular property, and which is referred to in the accompanying balance sheet.

14. (a) The directors of the Company set aside 150,000 treasury shares for the purpose of an Incentive Stock Option Plan whereby Company employees, and also officers, directors and consultants if deemed advisable, may be granted specific options at the discretion of the board. The following options have been granted under the Plan:

William Lee Young, 290 Buchan Road, Ottawa	- 50,000 shares at 20 cents per share expiring July 25, 1964.
Douglas Nicholson, 195 Hopewell Avenue, Ottawa	- 35,000 shares at 20 cents per share expiring July 25, 1964.
Donald Graham Munro, 37 Lambton Road, Ottawa	- 35,000 shares at 20 cents per share expiring July 25, 1964.
Doris Foote, 1555 Apeldoorn Avenue, Ottawa	- 5,000 shares at 20 cents per share expiring July 25, 1964.
Arlette Barthelemy, 28 Tache Boulevard, Hull, Quebec	- 2,500 shares at 20 cents per share expiring July 25, 1964.
Gina Day, 28 Tache Boulevard, Hull, Quebec	- 5,000 shares at 20 cents per share, expiring July 25, 1964.

William L. Young and Donald G. Munro have exercised their options to the extent of 15,000 shares and 10,000 shares respectively, being the shares sold at 20 cents per share described in paragraph 9 hereof.

(b) By an underwriting and option agreement dated the 26th day of September, 1963, between Marchment & Dixon Limited, 11 Adelaide Street West, Toronto (hereinafter called the "Underwriter-Optionee") and the Company, the Underwriter-Optionee agreed to firmly purchase 200,000 common shares in the capital stock of the Company at the price of 20 cents per share, conditional upon the acceptance for filing of this prospectus by the Securities regulatory bodies having jurisdiction in the Provinces of Ontario and Quebec (the date of such acceptance being referred to as "the effective date"), and in consideration of such firm purchase, the Company granted to the Underwriter-Optionee the sole and exclusive options to purchase all or any part or parts of the following shares: 200,000 shares at 20 cents per share within 3 months of the effective date; 200,000 shares at 25 cents per share within 6 months of the effective date; 200,000 shares at 35 cents per share within 9 months of the effective date; and 200,000 shares at 45 cents per share within 12 months of the effective date.

The Underwriter-Optionee is acting on behalf of its client, Waratah Securities Limited, Suite 403, 62 Richmond Street West, Toronto. The only persons or corporations owning a greater than 5% interest in Waratah Securities Limited are the Underwriter-Optionee (which in turn is wholly owned by William Roy Marchment, King Georges Road, Toronto, and James Nelson Staples Dixon, 6 Beaufort Road, Toronto), Theodore Michael Keriotis, 1914 Larchmont N.E., Warren, Ohio, Allan Munn, 200 Rideau Terrace, Ottawa, Grenville Goodwin, 885 Maitland Avenue, Ottawa, H.G. Forrest & Associates Limited, 30 Driveway, Ottawa (which in turn is wholly owned by Gordon Forrest, 47 Pine Glen Crescent, SS12, Box 954, Ottawa), Alexander Montminy, 29 Waldo Street, New Bedford, Mass., James Arnett, Q.C., 366 Bay Street, Toronto, John George Steen, 17 Hillcrest Avenue, Toronto, Charles Hoar, 63 Forest Grove, Willowdale, Ontario, Robert Gray, 97 Hill Crescent, Toronto, and Ronald Deans, 132 Toynbee Trail, Toronto,

There are no sub-underwritings, sub-options or assignments outstanding or proposed. If any such arrangement should be made and comes to the attention of the signatories, or if any default is made under the said underwriting and option agreement, an appropriate amendment to this prospectus will be filed within 20 days thereof if shares of the Company are then in the course of primary distribution.

(c) Each outstanding preference share of the Company entitles the holder thereof to purchase five common shares of the Company at 20 cents per share within 18 months of the date of issuance of such preference share or on or before May 31, 1964, whichever is the later; and such rights or warrants are now outstanding covering 644,395 unissued common shares.

15. The Company proposed to use the proceeds from the present offering, together with any other funds available to it, in payment of its ordinary operating expenses from time to time, and in carrying out the recommended exploration programs. In the case of properties which may become vested in new companies incorporated by the Company in accordance with the terms of the option agreements described in paragraph 12 hereof, the Company may provide funds for such exploration to the new companies by way of loan, share purchase, or otherwise.

16. The Company has been incorporated for more than one year, and no estimate of preliminary expenses is required.

17. There is no indebtedness intended to be created or assumed which is not shown in the balance sheet of the Company as at June 30, 1963, reported upon by Messrs. Arthur A. Crawley & Co., and no security is to be given for any indebtedness.

18. (a) Particulars as to the principal business in which each director and officer has been engaged during the past three years is as follows:

William Lee Young	- Consultant Geologist, also a director of Mount Pleasant Mines Limited.
John Evans Riddell	- Consultant Geologist, also President and director of Mount Pleasant Mines Limited.
Donald Graham Munro	- Corporate Secretary with Mount Pleasant Mines Limited since 1962, and recently a director of that company, previously management consultant with the firm of W. Wallace Muir & Associates Limited of Ottawa.
Nickolas Axiotis	- Contractor with the Big "A" Construction Company, Warren, Ohio, and also Chairman and a director of Mount Pleasant Mines Limited.
Alexander Montminy	- Retired for the past two years, previously the operator of a business for the laundering and supplying of overalls and other industrial clothing, and also a director of Bornite Mines Limited.

(b) Nickolas Axiotis, John Evans Riddell, and William Lee Young had interests in some of the properties referred to in paragraph 12 hereof, which interests are fully disclosed in the said paragraph.

(c) During the 1962 financial year the Company paid \$7,200.00 to officers, and nothing to directors as such. During the current financial year it is estimated that the Company will pay \$22,000 to officers and nothing to directors as such. William Lee Young, the President, is employed full time by the Company in his capacity as consulting geologist at a salary of \$20,000. per annum, and Donald Graham Munro, the Secretary-Treasurer, is employed part time at a salary of \$2,000. per year.

19. No dividends have been paid.

20. No person or group of persons own sufficient shares to cause a majority of the Board of Directors to be elected, but Nickolas Axiotis, 1049 Kenmore Avenue, Warren, Ohio, John Evans Riddell, St. Andrews, New Brunswick, and William Lee Young, 290 Buchan Road, Ottawa, Ontario, by voting together and obtaining the support of other large shareholders could materially influence the election of directors.

21. (a) By an agreement dated September 25, 1963, between the Company, Geo-Met Reactors Limited of Ottawa, and the Underwriter-Optionee, Geo-Met agreed to perform research work on the Mount Bischoff ores, in accordance with a technical programme submitted by Geo-Met, dividing the work into stages. Subject to the right of the Company to terminate the contract on 30 days notice, the Company has authorized Geo-Met to proceed with the first two stages of the research work. Geo-Met has agreed to complete the first two stages at a cost not to exceed \$44,600.00. The Company will directly purchase equipment required for the work, at an estimated cost of \$10,000.00 and will also pay assay costs directly. The agreement also provides that Geo-Met shall bill the Company monthly for its work, and the Company has the right to elect to pay each monthly billing either in cash or in shares of the Company, or in any combination of cash and shares. In the event of the issuance of shares either partly or wholly in satisfaction of such monthly billing, the price at which the said shares shall be issued is the price at which the last shares were taken down and paid for under the underwriting and option agreement referred to in paragraph 14(b) hereof, with a minimum issue price of 20 cents per share. In the event that any shares are issued, the Underwriter-Optionee, on behalf of its client Waratah, has options to purchase such shares for a period of 60 days. Geo-Met also has the right to have the Underwriter-Optionee sell its Mount Costigan shares along with the offering of underwritten shares, at the ratio of 1 Geo-Met share for each 5 underwritten shares.

Since the date of the said agreement the Company has issued to Geo-Met Reactors Limited 50,000 shares in satisfaction of the first monthly billing for research work done in the amount of \$10,000.00.

(b) The holders of the free vendor shares, and the holders of the shares purchased under the Incentive Stock Option Plan have agreed with the Underwriter-Optionee that if they desire to sell any of their shares during the offering of underwritten and optioned shares, they will sell such shares through the Underwriter-Optionee along with the underwritten and optioned shares, at a ratio of 1 vendor share for each 10 underwritten shares, and 1 employee option share for each 5 underwritten shares.

(c) By an agreement dated September 25th, 1963, the holders of the vendor shares, John Evans Riddell, Nickolas Axiotis and William Lee Young, have agreed to bonus the Underwriter-Optionee on behalf of its client Waratah, by paying free and escrowed shares to the Underwriter-Optionee on performance under the underwriting and option agreement as follows: 45,000 shares on the payment for the firm commitment, 35,000 shares on the exercise of the 20-cent option, 30,000 shares on the exercise of the 25-cent option, 30,000 shares on the exercise

of the 35-cent option and 10,000 shares on the exercise of the 45-cent option. The said shares will be made up of free and escrowed shares in the same ratio as the total vendor position is free and escrowed.

22. There are no material facts other than the foregoing.

DATED the 11th day of October, 1963.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario) and by the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DIRECTORS: William Lee Young

John Evans Riddell

Nickolas Axiotis

Alexander Montminy

Donald Graham Munro

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario) and by the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER-OPTIONEE: MARCHMENT & DIXON LIMITED

Per: J.N.S. Dixon, Vice-President

WARATAH SECURITIES LIMITED

Per: J.N.S. Dixon, President

REPORT ON

COSTIGAN MOUNTAIN PROPERTY

VICTORIA COUNTY, NEW BRUNSWICK

PROPERTY AND ACCESS

The property consists of eleven contiguous claims totalling approximately 440 acres and numbered 148364, to 148368 inclusive, 148370, 148372, 148374, 148375, 148377 and 148378.

The property lies some 32 miles east of the Town of Grand Falls and 22 miles by road from the Town of Plaster Rock. It can be reached by following the Plaster Rock - Renous Game Refuge road to mile 9.5 then on the Frazer Lumber Company's Trouzers Lake road for 12.5 miles, thence by a bush road to the Fire Tower on Costigan Mountain.

TOPOGRAPHY

The local terrain is mountainous. Costigan Mountain, which makes up the southern portion of the property, is some 2,197 feet above sea level and approximately 1,200 feet above the adjoining valleys.

Costigan Mountain appears to be a pivot point in the trend of the regional topography. The ridges tend to strike generally south of east when looking to the south, while to the north the general strike appears to be a little west of north. The area is well timbered and logging and pulpwood the main industries.

REGIONAL GEOLOGY

Geological Survey of Canada Map 910A shows the region to be underlain by limestone, shale, argillite and volcanic rocks of Upper Ordovician, Silurian and Lower Devonian age adjoining on east with the southwest extension of the Ordovician sedimentary and volcanic rocks of the Bathurst area. This latter series of rocks have been intruded by large masses of granite and much smaller amounts of gabbro. The assumed boundary between the two rock series is in the vicinity of the property.

The base metal deposits of the Bathurst area are found in the rocks, along the margins of the acidic intrusives.

HISTORY

In 1954 and 1955 the Selco Exploration Company Limited carried out geochemical stream sediment and soil reconnaissance surveys for heavy metals in the general locality of Costigan Mountain. High combined heavy metal content was found in the two streams draining the eastern flank of the Mountain. Some thirty claims were staked covering the drainage basin of these streams. During 1956, additional geochemical and geophysical surveys were carried out with inconclusive results.

In 1960, on the theory that the Selco Group had been located too far to the east, the Costigan Syndicate staked the mountain to the west, well up slope from the main streams. The Syndicate have since carried out a limited amount of geological and geochemical investigation.

The group at this time consisted of forty-eight claims. During the summer of 1963 reconnaissance geochemical soil sampling was carried out on the claim group. Based on the results of this survey the group was reduced to the present eleven claims.

### OBSERVATIONS

The property was visited on September 29, 1962, for the purpose of assessing the property for a 1963 exploration programme. The 1962 report by Dr. N.B. Gillies of Arnprior, Ontario, was used as a guide for general information on the property.

The claim group is covered with the characteristic thin top soil found in New Brunswick. Except for the cleared area around the Fire Tower, little outcrop was visible. The distinct hinge in the direction of the surface lineaments intersecting in the vicinity of Costigan Mountain was quite visible from the Fire Tower.

The rocks in the vicinity of the Fire Tower are light coloured rhyolite flows and breccias. A fracture pattern generally north-south is visible but not very pronounced. The fracture in the rhyolites showed some characteristic fine mineral under a glass.

Numerous pieces of float were examined alongside of the road leading up to the Fire Tower. These specimens were angular and were various phases of rhyolite. Usually sparse sulphides could be seen with a glass. No specimens suggested heavy mineralization in the immediate vicinity.

Interest in the ground stems principally from the presence of the Selco soil anomalies on the lower slopes to the east of Mount Costigan holdings and to the weak anomalies picked up in the vicinity of the Fire Tower by the Mount Costigan survey in 1962. To date, no mineralization in float or in place has been found in sufficient quantities to adequately explain these anomalies.

The reconnaissance geochemical soil sampling that was carried out on the forty-eight claim group did not indicate the presence of any large mineralized zone. The present remaining eleven claim group lies immediately uphill from the original Selco geochemical anomaly. This group is underlain by acid volcanics and the only soil available for checking is a highly leached "A" horizon. The lack of results in the geochemical soil survey over this area should not, due to the soil condition, be considered conclusive evidence indicating a lack of base metal mineralization.

A limited self potential survey was run from the crest of the hill on Mount Costigan property down slope and across the Selco geochemical anomalies. The results of this survey do not indicate the presence of a self potential anomaly either on the Selco or Mount Costigan property.

### CONCLUSIONS

The reconnaissance geochemical soil sampling failed to indicate the presence of a geochemical anomaly on the property. Where the samples were secured in the "B" horizon (just below the humus zone) it is assumed that no major base metal bodies are

indicated. On the claims uphill from the Selco anomaly no "B" horizon existed and samples were taken from a highly leached "A" horizon. Results under such sampling conditions are not considered conclusive.

As yet no direct or indirect conclusive evidence has been obtained from the geochemical soil surveys or self potential surveys to explain the downhill Selco anomalies which originally led to the acquiring of the claims.

RECOMMENDATIONS

It is therefore recommended that:

1. A self polarization survey be carried out on the east slope of Mount Costigan on claims 148364 and 148367 and utilizing existing grid lines.
2. That geological and float mapping be carried out on the east slope of Mount Costigan.

It is estimated that the above programme will cost:

(1) Polarization survey five miles @ \$150.00	\$ 750.00
(2) Mapping and sampling	1,000.00
(3) Administration, reports, travel, etc.	<u>750.00</u>
	\$ 2,500.00

Respectfully submitted,

(Sgd.) T.R. Clarke, B.Eng., P.Eng.

Ottawa, Ontario  
September 17, 1963

C E R T I F I C A T E

I, T.R. Clarke, residing at 128 Heddington Avenue, Toronto 12, Ontario, certify that:

1. I am a graduate of McGill University and hold a degree of Bachelor of Engineering in Mining.
2. I am a registered Professional Engineer of the Province of Ontario and have practiced my profession for over twenty-five years.
3. I examined the property in September, 1962 and have since studied the reports of the 1963 summer work programme carried out under the direction of Wallace H. MacLean, a Company Geologist. I have based my conclusions and recommendations on my knowledge of the property and my experience in mine exploration.
4. I have no interest, direct or indirect, in the securities or property of Mount Costigan Mines nor expect to receive any interest, direct or indirect, in the securities or property of Mount Costigan Mines.

(Sgd.) T.R. Clarke, B.Eng., P.Eng.

Ottawa, Ontario  
September 17, 1963

REPORT ON

EAST CLAIM GROUP

CHARLOTTE COUNTY, NEW BRUNSWICK.

PROPERTY AND ACCESS

The property is made up of thirty adjoining claims numbered as follows:

Mining License 10318 claims 149531 to 149540 inclusive  
Mining License 10319 claims 149541 to 149550 inclusive  
Mining License 10317 claims 149551 to 149560 inclusive

The group stretches ten claims in an east-west direction and is three claims deep. The east boundary is in the headwaters of Scoullar Brook about one and a half miles west and north of Sunday Lake and ties onto Mount Pleasant Mines' group along the western boundary.

Access to the group is by walking some five miles from the Mount Pleasant Mine site or from the south following the McDougall Lake road north from St. George, New Brunswick, and following logging roads to the southwest corner of the property.

TOPOGRAPHY AND RESOURCES

The property, in general, is overlain with low swampy ground broken by higher ground along the north boundary. The only activity is some minor logging and pulpwood cutting.

GEOLOGY, REGIONAL AND LOCAL

The region is underlain by Carboniferous and pre-Carboniferous sedimentary rocks with which there are minor amounts of extrusive volcanics. They are part of a geosyncline which extends in a northeasterly direction across the south central part of New Brunswick.

Granitic to syenitic and gabbroic intrusives of pre- to possibly post-Carboniferous age are present around but not in the central part of the geosyncline.

The property lies some four to seven miles east and north of the Mount Pleasant Mines Limited mine site. At Mount Pleasant, tin, copper, lead, zinc, tungsten and molybdenum values are being found in shear fractures generally tending at 70° to 305° azimuth.

The host rock is a Carboniferous series consisting of grey to white rhyolitic quartz feldspar porphyries, rhyolites and rhyolitic breccias along with some tuff agglomerates, shales and quartzites. Fluorite and topaz are common mineral constituents in the mineralized areas. The mineralized zones have a general east-west trend.

The property itself, except along the northern boundary, is covered with swamp. Where outcrops have been located they consist of red feldspar quartz porphyry and argillite similar to the eastern and northern sections of Mount Pleasant property.

#### EXAMINATION

The writer has not personally examined this property but is familiar with the general area and work being carried out in the area in his capacity as Consulting Engineer for the Mount Pleasant Mines operation.

#### HISTORY

The claim group was originally part of a larger claim group held by Kennco Explorations (Canada) Limited. These claims were dropped by Kennco in 1961 and restaked in 1962 on behalf of Mount Costigan Mines Limited.

#### WORK COMPLETED

A short preliminary reconnaissance was carried out on the property during the late Fall of 1962 under very unfavourable weather conditions. Some 87 soil samples were taken on a rough one half mile grid. The samples were checked for tin but showed no values over normal background for the area.

#### CONCLUSIONS AND RECOMMENDATIONS

Preliminary prospecting has given no indication of possible tin anomalies on the claim group. The samples were not checked for other base metals.

The claim group adjoins the eastern boundary of the Mount Pleasant property and lies some four to seven miles east of the present Mount Pleasant workings.

In view of the proximity of the group to Mount Pleasant Mines the writer is of the opinion that the claims should be thoroughly checked for indications of all common base metals being found at Mount Pleasant, as well as for tin. It is therefore the writer's recommendation that:

1. The soil samples already taken be checked for zinc, molybdenum and copper.
2. Additional soil samples be taken on a grid in the vicinity of any indications of soil values above background.

It is estimated that the above preliminary programme will cost:

#### Part 1:

Supervision, etc.	\$ 350.00
Analysis and recording	150.00
	-----
	\$ 500.00

Part 2:

Supervision and soil sampling	\$ 500.00
Analysis and recording	300.00
Interpretation and reports	200.00
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TOTAL	\$1,500.00
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Respectfully submitted,

(Sgd.) T.R. Clarke, B.Eng., P.Eng.

Toronto, Ontario  
July 22, 1963

C E R T I F I C A T E

I, T.R. Clarke, residing at 128 Heddington Avenue, Toronto, Ontario, certify that:

1. I am a graduate of McGill University, Montreal, and hold a degree of Bachelor of Engineering in Mining Engineering.
2. I am a registered Professional Engineer in the Province of Ontario in good standing and have practiced my profession for over twenty-five years.
3. I have based my conclusions and recommendations on my knowledge of the area gained as Consulting Engineer for Mount Pleasant Mines and on information supplied to me on previous work and preliminary prospecting carried out in the late Fall of 1962.
4. I have no interest directly or indirectly in the properties or securities of Mount Costigan Mines Limited nor expect to receive any interest directly or indirectly in the properties or securities of Mount Costigan Mines Limited.

(Sgd.) T.R. Clarke, B.Eng., P.Eng.

Toronto, Ontario  
July 22, 1963

REPORT ON

GABAROUSE BAY PROPERTY

CAPE BRETON COUNTY, NOVA SCOTIA

PROPERTY AND LOCATION

The property consists of four contiguous mining tracts numbers 5,6, 19 and 20 containing 64 mining claims located on Quarter Sheet D of Sheet 11F.16 (MIRA) and falling within co-ordinates  $45^{\circ}52'30''N$  to  $45^{\circ}54'10''N$  and  $60^{\circ}05'00''W$  to  $60^{\circ}07'30''W$ . The property lies in Cape Breton County along the North Shore of Gabarouse Bay some ten miles north and east along the Shore Road from the town of Gabarouse.

The property may be reached by car by travelling south from Sydney, Cape Breton, to Louisburg and west along the shore road about fifteen miles to the property or travel west from Sydney to Marion Bridge thence south along the French Road to the Shore Road thence east about five miles to the property.

TOPOGRAPHY AND RESOURCES

The ground rises rapidly from the Atlantic shoreline to elevations of 250 to 300 feet above sea level. The area is divided into small farm tracts which have been occupied for several generations. The principal activities in the area appear to be equally divided between fishing, sheep and dairy farming and cutting pulpwood.

REGIONAL AND LOCAL GEOLOGY

Geological Survey of Canada Map 1056A MIRA Sheet, Cape Breton Island, Nova Scotia, indicates the property to be underlain with the Fourchu group of volcanic and sedimentary rocks of assumed late Proterozoic age.

In general the Fourchu group of rocks are not highly metamorphosed and any such metamorphism appears to be restricted to broad bands of considerable shearing that are probably associated with undetected faulting.

Copper, iron and molybdenite mineralization has been found in various small prospects scattered over the whole area underlain by the Fourchu group of rocks. There has been no known commercial mineral production in the area.

EXAMINATION

The property was visited by the writer of this report on January 10th and 11th, 1963.

OBSERVATIONS

The writer reached the property by car from Marion Bridge by following the French Road and the Shore Road. The property was completely overlain with deep snow and little but topography could be observed. After making enquiries the writer was put in touch with Mr. Ronald McKay of French Road. Mr. McKay, now in retirement, had formerly been a local prospector and farmer.

With guidance from Mr. McKay, a large prospect pit was located some fifty yards south of the road on Eagle Head promontory. The pit was filled with some snow and ice and appeared to be some thirty to fifty years old. By digging in the snow beside the pit some samples of broken rock, obviously from the pit, were obtained that showed fair copper mineralization in quartz. Some twenty pounds of broken rock was taken for assay. The hand samples were assayed separately for copper and returned 2.21% Cu and 1.62% Cu respectively. The remainder of the material, about fifteen pounds, was assayed for five-metal determination and returned:

Gold	Trace
Silver	1.50 ounces
Copper	1.08%
Molybdenum	Trace
Bismuth	1.06%

The pit itself was completely filled with snow, ice and debris and no evaluation as to vein structure or width could be made. Mr. McKay advised that the strike of the quartz stringers in the area was generally east-west parallel to the shore. He further advised that copper and molybdenum mineralization had been picked up at various points along the shore covering a considerable distance. Other showings of molybdenite occurred along the creek bed in the gulch located in the north central portion of tract 6. Deep snow and ice prevented examination of these showings.

Mr. Doug Nicholson, Chief of the Mount Costigan field party in this area during the Summer of 1962, had reported bismuth values in specimens picked up along the shore of Deep Cove and Eagle Head. The presence of bismuth in the sample taken from the pit bears out these findings.

#### CONCLUSIONS AND RECOMMENDATIONS

Interesting values in copper and bismuth have been found by the writer in the broken rock dump located south of the Shore Road on tract 6 of the property. Additional mineralization consisting of copper and molybdenum have been reported by Mr. Ronald McKay, a local prospector, and confirmed in part by information on Geological Survey of Canada Map 1056A.

The writer is of the opinion that the property has merit as a mineral prospect and recommends that a preliminary examination be carried out consisting of:

1. Ground prospecting, trenching and mapping.
2. Preliminary geochemical mineral survey.
3. If the findings in parts 1 and 2 warrant further exploration then the mineral showings and/or anomalies should be checked by short exploration diamond drilling.

The cost of the above programme is estimated as follows:

<u>Part 1:</u>	Supervision, travel, administration	\$1,000.00
	Prospecting and trenching	500.00
	Sampling and assaying	500.00
		\$2,000.00

<u>Part 2:</u>	Supervision, travel, administration	\$1,000.00
	Sampling	1,200.00
	Assaying	1,800.00
		-----
		\$4,000.00
<u>Part 3:</u>	Supervision, travel, administration	\$1,000.00
	1500 ft. E Core diamond drilling	6,000.00
	Assaying	1,500.00
		-----
		\$8,500.00
	Summary reports and maps	\$1,500.00
		-----
	TOTAL	\$16,000.00

Respectfully submitted,

(Sgd.) T.R. Clarke, B.Eng., P.Eng.

Toronto, Ontario  
April 30, 1963.

C E R T I F I C A T E

I, T.R. Clarke, residing at 128 Heddington Avenue, Toronto 12, Ontario, certify that:

1. I am a graduate of McGill University and hold a degree of Bachelor of Engineering in Mining.
2. I am a professional Engineer in good standing in the Province of Ontario and have practiced my Profession for over twenty-five years.
3. I have based my conclusions and recommendations on my experience in mine development and on my observations during an examination of the property in January 1963.
4. I have no interest directly or indirectly in the securities or properties of Mount Costigan Mines nor expect to receive any interest directly or indirectly in Mount Costigan Mines.

(Sgd.) T.R. Clarke, B.Eng., P.Eng.

Toronto, Ontario  
August 31, 1963

REPORT ON  
MOUNT BISCHOFF  
TASMANIA, AUSTRALIA

GENERAL

The writer has not visited the property but is familiar with the operation through discussions with Dr. W.L. Young and Dr. N. Gillies, both of whom have examined the operation. The writer has also examined and assessed the Progress Reports submitted by Dr. M. Solomon, Geologist in charge of the Mount Bischoff operation. Further, the writer is familiar with the various phases and problems of exploration, mining, milling and metallurgy that are peculiar to the tin industry.

PROPERTY, LOCATION, ACCESS

Mount Costigan Mines Limited holds an option to purchase 320 acres of what was formerly the Mount Bischoff Mines, as well as most of the mineral rights within a three-mile radius of the mine.

The property is located in the northwest of Tasmania, Australia, 49 miles by gravel road from the deep water port of Burnie. The local village is located one-half mile south of the mine and is called Waratah. The railway from the deep water port of Burnie, 49 miles north, passes through Guilford Junction, eleven miles to the east. Regular scheduled air service is available at Wynyard, twelve miles to the west of Burnie.

HISTORY

Tin was discovered in Tinstone Creek on the southwest slope of Mount Bischoff in 1873. The source of this alluvial cassiterite was traced to the mountain. The Mount Bischoff Tin Mining Company was formed on the property and later developed into the most productive tin mine in Australia. The property remained in production until 1929 when, due to the exhaustion of the larger and better grade zones, the mine ceased operations. Tributors or leasors continued to operate the property until 1943, when it was taken over by the Australian Government. Operation under the Government continued until 1947 when tributors again took over production.

TOPOGRAPHY AND RESOURCES

Mount Bischoff has an elevation of 2596 feet above sea level and some 500 feet higher than the plateau from which it rises. It has an average annual precipitation exceeding 85 inches, with rain falling for some 250 days a year. The tin mining at one time supported a local population of several thousand. This population now amounts to about 125.

REGIONAL AND LOCAL GEOLOGY

Mount Bischoff consists of sedimentary, tuffaceous and possibly flow rocks of the Bischoff series of Lower Cambrian or Upper Precambrian age. These are bounded to the east and south by the Upper Tertiary plateau basalts and on the north, west and, in part, south, by slates, quartzites, tuffs, breccias and basic flows of the middle to Upper Cambrian Dundas Group.

A large granite mass outcrops about four miles south of Mount Bischoff, and it is probably the surface expression of a much greater mass extending between the Meredith and Hampshire Range granites.

Quartz porphyry dykes were intruded late in the Devonian tectonic activity as a radial swarm centred on Mount Bischoff. A number of sills extend out from the dykes, particularly near the top and bottom of the dolomite beds. Breccias along the dyke walls suggest the dykes were introduced into radial tensional faults which may be related to the rise of a granitic cupola from an underlying granite mass.

Tin mineralization is centred on the nucleus of the dyke swarm. Cassiterite is the dominant mineral and is found in economic quantities in:

- (a) Pyrrhotite-talc-carbonate replacement of the dolomite;
- (b) Pyritic lodes;
- (c) Tensional fissure lodes;
- (d) Disseminated and tension joint fillings in the quartz porphyry dykes;
- (e) Alluvial and lacustrine sediments.

#### MINERALIZATION

Cassiterite is the only tin mineral, though some stannite may have been present in the "Giblin Lode". Marcasite, pyrite and pyrrhotite are the most abundant sulphides; marcasite was very plentiful in the secondary enriched zones formed above the pyrrhotite deposits, and when exposed to the air often ignite spontaneously. Sphalerite, galena, stibnite, wolframite and arsenopyrite, along with many others were in general very minor constituents in the old deposits, though some, especially galena and sphalerite, became increasingly more abundant with depth in the "Giblin Lode" and in parts of the "Queen Lode". Occasionally veins lenses or splashes of the lesser constituents were found in the more massive sulphide deposits. Pyrite is the common sulphide in the veins and the porphyry dykes on the mountain, except in the "Slaughter Yard" porphyry, where it is pyrrhotite.

The gangue minerals are quartz, topaz, tourmaline, fluorite, mica, iron calcium magnesium carbonates, talc, and serpentine. Quartz was and is the most abundant with nearly all occurrences. Talc serpentine and carbonates predominate amongst the massive sulphides in the dolomite horizons, fluorite occurs in the veins, while topaz and tourmaline frequent the quartz porphyries and some veins.

The mineral occurrences on Mount Bischoff can be divided into four classes:

- (1) Eluvial (secondary enrichment)

Surface exposures of sulphide replacement deposits were decomposed by weathering and the soluble materials carried away by ground water, leaving behind cassiterite, silica, and hydrated iron oxides. Marcasite was formed under reducing conditions at depth and grades downward into unaltered sulphides, with a resulting decrease in the average tin content.

(2) Replacement Deposits

Massive pyrrhotite-pyrite lenses replace dolomite, and to a lesser degree other rocks. In the vicinity of the porphyry dykes they are probably more pyritic. The gangue minerals are quartz, iron magnesium and calcium carbonates, talc, mica, occasionally fluorite, and serpentine.

(3) Porphyry Dyke Deposits

Porphyry was emplaced and/or altered under pneumatolytic conditions. It was highly charged with gases and especially rich in boron during the preliminary stages, resulting in the destruction of the feldspars, and the formation of topaz and tourmaline. This was closely followed by deposition of pyrite. There is little tin in this type unless it is stockworked by quartz-cassiterite veins.

(4) Quartz Veins

Fracture fillings by quartz and cassiterite. The best cassiterite veins are characterized by vugs or spaces lined with well formed gangue minerals. They represent the peak period of cassiterite deposition. The gangue minerals apart from quartz, may be fluorite, topaz, tourmaline, carbonates, a golden mica, pyrite, galena, sphalerite, arsenopyrite, stibnite and jamesonite. However, except for the silicates, the others are rare, though in depth they may increase, as the cassiterite values fall.

The Mount Costigan interests are principally centred around the Greisen and Pig Flat Faces:

"Greisen Face"

This area includes the old "Greisen Face" of Reid; it is mostly covered by residual soils: "cuts" show the gradual merging downward from soil into rotten rock. Schists are much in evidence at the north end of the "Face" and amongst the waste, along with partly decomposed sulphide and gossan. Exposures of weathered dolomite have a rusty appearance: crude relict bedding which consists of dolomite, iron carbonates, quartz, and in places talc and serpentine, the last usually in stringers. Underground layered dolomite can be seen in the hanging-wall part of the "Greisen Face" sulphide body. It strikes  $70^{\circ}$  and dips south at  $50^{\circ}$ . A drift about 200 feet long extends in a  $245^{\circ}$  direction from the "Main Adit Tunnel" along the strike of and in the sulphide zone. Both walls over much of their length appear to be in disseminated to massive sulphides. Specimens, magnet, and compass, indicate the predominance of pyrrhotite. A grab sample from the wall, at the entrance of the crosscut into the old tributaries raise, which is north of the drift, assayed 0.06% tin.

The "Greisen Face" sulphide body was investigated by drilling and underground exploration in 1944. The work suggested a possible 91,700 tons of 0.85% to 0.91% tin. Additional tonnages of low grade are believed to exist above and to the north near the "Western Dyke". Massive pyrrhotite and gossan were seen on the surface of few hundred feet on strike and east of the "Main Adit Tunnel", two of Knight's drill holes near the tunnel did not find ore beneath the exposure. However, this could be explained by lensing, plunging or faulting. The west end of the sulphide body is presumably terminated by a fault which strikes  $320^{\circ}$ - $340^{\circ}$  and dips east. The downdip and lateral extent of the sulphides in this zone have still to be investigated.

A recent article on the tin deposits in this area by Knight mentions that the remaining "ore" replacing the "lower dolomite" in the "Greisen Face" averages less than 0.4% tin. It is presumed that this grade includes the area north of the "Greisen Face" massive sulphide zone, around the tributary stope, where there is a considerable amount of untested mineralization.

#### "Pig Flat Face"

This open-cut displays few identifiable rock exposures other than altered or decomposed porphyry dolomite and eluvium. According to Knight the "upper dolomite" is the underlying rock in this locality, and there may be a 340° fault between here and the "Greisen Face". A gossaniferous pyrrhotite exposure is to be seen at the northwest edge of the "cut", while the floor has a trench some 30 feet long in a northerly direction, which displays abundant fine-grained, dark massive pyrite or marcasite over most of its length. If the sulphides are bedded and strike east to northeast and the dip is south, then it would suggest a considerable thickness of this material. During the last war some good grade tin ore was removed from this "Face", though in one instance the cassiterite was so fine grained that very little of it was recovered. The downdip potential of the sulphide occurrences in this locality have not been investigated.

Testing by auger and percussion drilling is reported to have proved the existence of 50,000 tons of 0.18% tin by vanning assay immediately to the west of this "Face", and an additional 25,000 tons of the same grade to the north (chemical assay). The ground between this locality and "White Face" has not been investigated.

#### PRESENT PROGRAMME

Since 1962 Mount Costigan has conducted an induced polarization survey covering part of the area and completed 1968 feet of diamond drilling in eight holes.

The I.P. survey was carried out to trace the extension of the Greisen sulphide cassiterite zone to the south. A strong east-west tending anomaly was outlined some 600 feet south of the Greisen Face. It is postulated that this anomaly may indicate the downfaulted extension of the deposit. Diamond Drill Hole No. 8 was drilled into the anomaly but failed to intersect the expected sulphide mineralization. However, a close examination of the core suggests that the bedding actually dips much more steeply than was expected and consequently the hole was not drilled deeply enough to thoroughly test the potential of this anomaly.

Holes 1 to 7 have been drilled vertically into the sulphide cassiterite zone of the Greisen Face on a wide grid. The holes have returned the following averages:

Hole No. 1	57 feet of 0.99% Sn
Hole No. 2	60 feet of 0.74% Sn
Hole No. 3	55 feet of 0.40% Sn
Hole No. 4	40 feet of 0.59% Sn
Hole No. 5	55 feet of 0.30% Sn
Hole No. 6	170 feet of 0.45% Sn
Hole No. 7	75 feet of 0.35% Sn

The above results have been forwarded by Mr. M. Solomon, Geologist in charge of the programme. The assaying has been carried out by the Department of Mines Laboratory, Launceston, Tasmania.

## MILLING AND METALLURGY

The milling techniques employed on the previous Mount Bischoff operation were notably inefficient and had much to do with the final closing of the operations.

Since taking over the Greisen and Pig Flat options, Mount Costigan have instituted a milling, tin dressing and metallurgical development programme both in Australia and Canada. In Australia the work is being carried out by the Department of Mines in Tasmania, while in Canada work is going on under the direction of Geo-Met Reactors Limited of Ottawa.

## CONCLUSIONS

The preliminary drilling, Holes 1 to 7 inclusive, indicates the presence of a large sulphide cassiterite body close to the surface in the Greisen Face. The indicated grade of the deposit and a consideration of open pit mining presents a good mine operation possibility.

The Induced Potential anomaly outlined to the south of the drilled zone indicates a possible extension to the south and to depth.

## RECOMMENDATIONS

It is therefore recommended that:

1. Additional diamond drilling be carried out on the ore zone to delineate and establish tonnage and grade for the known mineralized zone and exploration drilling to the south to try to pick up the southern extension of this zone to depth.
2. Continued milling, tin dressing and metallurgical tests be carried out in order to establish a smelter return value for the contained metals.

## ESTIMATE OF COST

Grid drilling on Greisen Face, 3000 ft. @ \$6.50	\$19,500.00
Exploration drilling for extension, 2000 ft @ \$6.50	13,000.00
Milling and Metallurgical testwork	30,000.00
Administration, reports and travel	15,000.00
Reserve	12,500.00
	-----
Total	\$90,000.00

Respectfully submitted,

(Sgd.) T.R. Clarke, B.Eng., P.Eng.

Toronto, Ontario  
July 23, 1963

C E R T I F I C A T E

I, T.R. Clarke, residing at 128 Heddington Avenue, Toronto 12, Ontario, certify that:

1. I am a graduate of McGill University and hold a degree of Bachelor of Engineering in Mining.
2. I am a member, in good standing, of the Professional Engineers of Ontario and have practiced my profession for over twenty-five years.
3. I have not visited the Mount Bischoff options of Mount Costigan Mines Limited but have discussed the operation with Dr. W.L. Young and Dr. N. Gillies, both of whom have examined the property. I have based my conclusions and recommendations on my knowledge of mining in general and tin mining and metallurgy gained as Consulting Engineer for Mount Pleasant Mines Limited. Information discussed under the present programme was obtained from reports submitted by Dr. M. Solomon, a graduate of Leeds University and Geologist in charge of the field programme being carried out in Tasmania.
4. I have no interest directly or indirectly in the properties or securities of Mount Cositgan Mines Limited nor expect to receive any interest directly or indirectly in the properties or securities of the Company.

(Sgd.) T.R. Clarke, B.Eng., P.Eng.

Toronto, Ontario  
July 23, 1963

MOUNT COSTIGAN MINES LIMITED

FINANCIAL STATEMENTS

JUNE 30, 1963

MOUNT COSTIGAN MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

AS AT JUNE 30, 1963

ASSETS

CURRENT ASSETS:

Cash	\$ 1,359.85
Expense advances - employees	514.56
Prepaid expense	<u>720.00</u>
	\$ 2,594.41

FIXED ASSETS: (at cost)

Office equipment	\$ 1,510.15
Mining and geology equipment	<u>515.00</u>
	2,025.15

INTEREST IN MINING PROPERTIES: (at cost)

Unpatented mining claims in the Province of New Brunswick acquired for 900,000 common shares of the Company - note 1	\$ 90,000.00
Options - notes 2 and 3	12.00

Development, exploration and administrative expenses deferred:

Property development expenses	\$ 71,866.88
- schedule 1	
Regional exploration expenses	52,096.07
- schedule 2	
Administrative expenses	<u>16,659.59</u>
- schedule 3	<u>140,622.54</u>
	230,634.54

INCORPORATION EXPENSES

1,500.00

\$236,754.10

=====

Approved on behalf of the Board:

William L. Young Director.

Donald G. Munro Director.

MOUNT COSTIGAN MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

AS AT JUNE 30, 1963

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 31,374.10
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SHAREHOLDERS' EQUITY:

Capital stock authorized:

200,000 5% non-cumulative preference shares of	
\$1.00 par value each, redeemable at par	\$ 200,000.00
5,000,000 common shares without par value, aggregate	
consideration not to exceed	<u>2,500,000.00</u>
	\$2,700,000.00
	=====

Capital stock issued:

	<u>For Cash</u>	<u>For Property</u>	<u>Total</u>
Preference shares: note 4			
123,375 shares	\$123,375.00		\$123,375.00
Common shares: notes 5			
and 6			
5 shares	5.00		
900,000 shares		\$90,000.00	
900,005	\$ 5.00	\$90,000.00	<u>90,005.00</u>
			\$213,380.00

(78,775 preference shares issued for cash of  
\$78,775.00 during the thirteen months ended  
June 30, 1963)

DEFICIT:

Expenditures on Dolan claims on which option	
has been dropped - note 3	<u>8,000.00</u>
	205,380.00
	=====
	\$236,754.10
	=====

Issued in accordance with our report of this date.

(Sgd.) Arthur A. Crawley & Co.

October 11, 1963

Chartered Accountants.

MOUNT COSTIGAN MINES LIMITED

STATEMENT OF PROPERTY DEVELOPMENT EXPENSES DEFERRED

FROM INCEPTION OF THE COMPANY, APRIL 10, 1962 TO JUNE 30, 1963

	<u>April 10, 1962</u>	<u>June 1, 1962</u>	
	<u>to</u>	<u>to</u>	<u>Balance</u>
	<u>May 31, 1962</u>	<u>June 30, 1963</u>	<u>June 30, 1963</u>
<u>MOUNT BISCHOFF:</u>			
*Salaries and wages		\$ 5,580.84	\$ 5,580.84
*Consulting fees	\$ 200.00	8,962.64	9,162.64
Travel	2,597.80	3,551.59	6,149.39
Recording fees and assessments		458.81	458.81
Survey expense	2,830.11	6,671.21	9,501.32
Diamond Drilling		12,650.40	12,650.40
Stripping and trenching		283.14	283.14
Assaying		634.48	634.48
Camp and party living expense		208.70	208.70
Miscellaneous and direct office expense		520.64	520.64
Vehicle operation and rental		625.47	625.47
Freight and express		396.82	396.82
Metallurgical research		5,000.00	5,000.00
Engineering and geology office expense		363.65	363.65
Small tools and supplies		142.47	142.47
Telephone and telegraph		224.68	224.68
	\$5,627.91	\$46,275.54	\$51,903.45
<u>MOUNT COSTIGAN</u>			
Salaries and wages		\$ 300.00	\$ 300.00
*Consulting fees		1,090.00	1,090.00
Travel	\$ 48.06	190.42	238.48
Recording fees and assessments	48.00	48.00	96.00
Survey expense	11.45		11.45
Assaying		100.00	100.00
Vehicle operation and rental	129.40	70.10	199.50
Telephone and telegraph		17.05	17.05
	\$ 236.91	\$ 1,815.57	\$ 2,052.48
- forward -			\$53,955.93

MOUNT COSTIGAN MINES LIMITED

STATEMENT OF PROPERTY DEVELOPMENT EXPENSES DEFERRED (CONTINUED)

FROM INCEPTION OF THE COMPANY, APRIL 10, 1962 TO JUNE 30, 1963

	<u>April 10, 1962</u>	<u>June 1, 1962</u>	
	<u>to</u>	<u>to</u>	<u>Balance</u>
	<u>May 31, 1962</u>	<u>June 30, 1963</u>	<u>June 30, 1963</u>
- forward -			\$53,955.93
<u>DOLAN</u>			
Salaries and wages	\$ 4,194.50	\$ 2,613.50	6,808.00
Consulting fees		313.00	313.00
Travel	188.30	33.35	221.65
Recording fees and assessments	30.00		30.00
Survey expense		31.20	31.20
Diamond drilling	1,800.00	1,193.68	2,993.68
Stripping and trenching		1,846.25	1,846.25
Assaying	69.00	2,309.00	2,378.00
Camp and party living expense	544.74	453.70	998.44
Miscellaneous and direct office expense	74.93	284.00	358.93
Vehicle operation and rental	278.14	841.55	1,119.69
Freight and express		23.91	23.91
Engineering and geology office expense	266.04	271.43	537.47
Small tools and supplies	125.54	106.34	231.88
Telephone and telegraph		18.85	18.85
	\$ 7,571.19	\$10,339.76	\$17,910.95
<u>TOTAL</u>			\$71,866.88

\* Includes \$8,733.32 paid to an officer, of which \$4,400.00 was paid in the financial period ended December 31, 1962.

MOUNT COSTIGAN MINES LIMITED

STATEMENT OF REGIONAL EXPLORATION EXPENSES DEFERRED

FROM INCEPTION OF THE COMPANY, APRIL 10, 1962 TO JUNE 30, 1963

	<u>April 10, 1962</u>	<u>June 1, 1962</u>	<u>Balance</u>
	<u>to</u>	<u>to</u>	
	<u>May 31, 1962</u>	<u>June 30, 1963</u>	<u>June 30, 1963</u>
*Salaries and wages	\$ 318.18	\$14,935.95	\$15,254.13
*Consulting fees		3,673.39	3,673.39
Travel	121.83	825.39	947.22
Technical and laboratory expense	514.80	46.70	561.50
Staking and recording - East Claim Group		720.00	720.00
- Gabarouse Bay		40.00	40.00
Survey expense		266.85	266.85
Assaying		20,645.28	20,645.28
Camp and party living expense	50.38	3,377.88	3,428.26
Miscellaneous and direct office expense		376.24	376.24
Vehicle operation and rental		4,146.43	4,146.43
Freight and express		252.70	252.70
Engineering and geology office expense		665.89	665.89
Small tools and supplies		956.65	956.65
Telephone and telegraph		161.53	161.53
 Total	\$ 1,005.19	\$51,090.88	\$52,096.07
	=====	=====	=====

\* Includes \$3,916.66 paid to an officer, of which \$1,750.00 was paid in the financial period ended December 31, 1962.

MOUNT COSTIGAN MINES LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSE DEFERRED

FROM INCEPTION OF THE COMPANY, APRIL 10, 1962 TO JUNE 30, 1963

	<u>April 10, 1962</u>	<u>June 1, 1962</u>	
	<u>to</u>	<u>to</u>	<u>Balance</u>
	<u>May 31, 1962</u>	<u>June 30, 1963</u>	<u>June 30, 1963</u>
*Salaries and wages	\$ 25.00	\$ 1,799.16	\$ 1,824.16
*Consulting fees		3,850.00	3,850.00
Travel	337.51	1,304.61	1,642.12
Miscellaneous expense		51.26	51.26
Vehicle operation and rental		61.60	61.60
Freight and express		9.73	9.73
Unemployment insurance	20.17	85.22	105.39
Employees' group insurance		327.03	327.03
Printing, stationery and office expense	86.32	2,183.30	2,269.62
Office rent	86.00	264.00	350.00
Telephone and telegraph	128.15	785.68	913.83
Bank charges		64.10	64.10
Legal expense	625.00	1,640.00	2,265.00
Accounting and auditing	250.00	1,075.00	1,325.00
Prospectus and shareholders' information		900.39	900.39
Capital stock expenses		700.36	700.36
	<hr/>	<hr/>	<hr/>
	\$ 1,558.15	\$15,101.44	\$16,659.59
	<hr/>	<hr/>	<hr/>

\* Includes \$5,516.66 paid to officers, of which \$1,050.00 was paid in the financial period ended December 31, 1962.

AUDITORS' REPORT

To The Directors,  
Mount Costigan Mines Limited.

We have examined the balance sheet of Mount Costigan Mines Limited as at June 30, 1963, and the statements of property development, regional exploration and administrative expenses deferred from the inception of the Company, April 10, 1962, to June 30, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have received all the information and explanations we have required.

In our opinion, the accompanying balance sheet and supporting statements of property development, regional exploration and administrative expenses deferred, supplemented by the notes appended thereto, present fairly the financial position of the Company as at June 30, 1963, in accordance with generally accepted accounting principles.

Ottawa, Ontario  
October 11, 1963.

Arthur A. Crawley & Co.,  
Chartered Accountants.

MOUNT COSTIGAN MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1963

Note 1. Based on the results of its exploration, the Company has allowed 37 of the 48 original claims to lapse as of August 29, 1963.

Note 2. By an agreement dated April 30, 1962, the Company obtained an option to acquire a mining property located in Tasmania, Australia, known as "the Bischoff Mine." The Company has exercised the option prior to its termination date of October 30, 1963, by expending a minimum of \$30,000.00 in exploration and development of the property, by causing the incorporation of "Mount Bischoff Tin Mines Limited" for the purpose of acquiring the property, and by undertaking to deliver to the optionor one-third of the vendor share consideration to be issued by the new company for the Bischoff property.

Note 3. By an agreement dated May 25, 1962, the Company acquired an option to purchase certain unpatented mining claims in New Brunswick known as the Dolan groups. The option on 66 of the original 89 claims was dropped on February 21, 1963 and the estimated cost of exploration of these claims in the amount of \$8,000.00 was written off to deficit account. The option on the remaining 23 claims was abandoned on the termination date of the agreement, October 10, 1963, and the costs of exploration applicable to these claims totalling \$17,910.95, will be written off to deficit account in the current year.

Note 4. The holder of each preference share issued has the right to purchase 5 common shares in the capital stock of the Company at 20 cents per share, on or before the expiration of 18 months from the date of first issued of each such preference share, or May 31, 1964, whichever is later. 644,395 common shares have been set aside for this purpose, being 616,875 with respect to the 123,375 preference shares issued to June 30, 1963, and 27,520 with respect to 5,504 preference shares issued for cash subsequent to June 30, 1963.

Note 5. 150,000 common shares have been reserved for an incentive stock option plan available to directors, consultants, officers and employees of which specific options have been granted for a total of 132,500 shares at 20 cents per share exercisable on or before July 25, 1964.

On August 30, 1963 options were exercised on 25,000 common shares.

MOUNT COSTIGAN MINES LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1963

Note 6. The Company has entered into an underwriting agreement dated September 26, 1963 whereby:

(a) The underwriter is to purchase 200,000 common shares in the Company at 20 cents per share within forty-eight hours of the effective date of the agreement.

(b) In consideration of the above purchase commitment the Company has granted to the underwriter the following options on an additional 800,000 common shares.

200,000 shares at 20 cents per share exercisable on or before the expiration of three months from the effective date.

200,000 shares at 25 cents per share exercisable on or before the expiration of six months from the effective date.

200,000 shares at 35 cents per share exercisable on or before the expiration of nine months from the effective date.

200,000 shares at 45 cents per share exercisable on or before the expiration of twelve months from the effective date.

Note 7. By agreement dated September 25, 1963, the Company has contracted for a metallurgical research program on Mount Bischoff ores, terminable on 30 days notice, the first two stages of which shall cost not more than \$44,600.00 plus equipment not to exceed \$10,000.00, plus assay costs. The Company has the right to elect to pay either in cash or common shares of the Company at the larger of 20 cents per share or the last takedown price.

